

Blue Cross Blue Shield funnels \$1.9M to CHIP

By ALLISON FARRELL - IR State Bureau - 10/15/04

HELENA — Some 1,300 low-income children who rely on the Children's Health Insurance Program will not be cut from the rolls this fall, because the state convinced Blue Cross Blue Shield of Montana to pump \$1.9 million from its reserves back into the program.

And contract negotiations between the state and Blue Cross Blue Shield indicate that insurance premium costs will not rise for the program this year. Last year, rates jumped 10 percent to \$117.94 per member per month.

The annual CHIP contract, which runs from Oct. 1, 2004, through Sept. 30, 2005, should be finalized today, officials say.

"They weren't legally required to do this," said John Chappuis, deputy director of the state Department of Public Health and Human Services. "They're a good partner."

In the wake of last year's premium increase, Gov. Judy Martz added \$609,000 to CHIP's annual \$2.7 million budget to prevent program reductions. The move also added 1,300 new children to the program.

These additional children could have been cut from the CHIP program this fall if Blue Cross Blue Shield hadn't transferred the \$1.9 million, state officials said. Martz's \$609,000 increase was a one-time-only boost in spending.

"Those kids get to stay on," Chappuis said. "That's really good news."

The draft contract also calls on the insurance company to give back 75 percent of any reserves left in CHIP at the end of 2004, and 50 percent of any reserves Blue Cross Blue Shield realizes in future years.

The \$1.9 million donation from Blue Cross Blue Shield accounts for reserves developed in CHIP between 1999 and 2003. The money will sustain the program at current levels through the end of fiscal year 2005, Chappuis said. After that, the program becomes the Legislature's financial problem.

"We agreed to donate this to the state," Blue Cross Blue Shield spokeswoman Tanya Ask said. "We recognize the importance of the CHIP program."

Currently, the program supplies free health insurance to 10,900 Montana children who live at or below 150 percent of the poverty level, or on an annual income no more than \$22,890 for a family of three.

Nearly 200 children are on the waiting list for the program. CHIP is a joint state-federal program, in which the federal government puts in \$4 for every \$1 the state spends on the program.